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ABSTRACT

The benefits and problems of comparing faculty salaries are evaluated. The primary source of information for this evaluation is the American Association of University Professors' (AAUP's) summer Bulletin. The problems listed include: (1) institutional variations in the methodology of data collection; (2) the conversion of 12-month salaries to a nine-month basis; and (3) including fringe benefits in total compensation comparisons. It is pointed out that the primary value of these statistical comparisons is that they do provide a scale against which one can assess changes in relative standing that result from institutional policies. It is concluded that in selecting institutions to form a comparison group, one should select a number large enough to be representative of the trends within the academic world and small enough to be manageable; that one needs to know how each peer institution defines instructional faculty, how it determines a base rate, and what conversion factor is used for 12-month salaries; and one must be alert for changes in reporting practices and for changes in goals that will be reflected in the salary data and interpretation. (SPG)

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OPPORTUNITIES AND PITFALLS IN FACULTY SALARY COMPARISONS

by

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Opportunities and Pitfalls in Faculty Salary Comparisons

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The AAUP, through Maryse Eymonerie, performs a unique and valuable service by publishing faculty salary data that identifies the institutions by name and categorizes them according to their roles. We are given a tool, but we must use it with an understanding of its mechanical construction and of its potential hazards. An unavoidable hazard of a complex tool is that someone, somewhere, will use it, without reading the instruction manual, to do a job it wasn't designed for. The AAUP salary data is especially dangerous because it is numerical--and numbers are facts (especially if reported to several decimal points). They do, however, have to be translated into words and we all know how that process can inflame the emotions. The L.A. Times recently reported a controversy over numerical interpretations that reached the U.S. Supreme Court, which did, however, decline to hear the case. The Audubon Society published its annual bird count showing an increase of sightings over the previous year. Several "scientists" concluded, publicly, that the increase proved that DDT was not harming the birds. The Audubon Society responded with comments about scientists being paid to lie and to parrot pure propaganda and that the explanation for more sightings was simply that there were more bird watchers.

I think that there is no question but that there are more bird/salary watchers now than in the past. These include taxpayers, legislators and governors and federal agencies as well as faculty and administrators. And the largest flock of salaries to study are those on display in the summer issue of the AAUP Bulletin.

Before moving on to a discussion of specific field markings, I wish to mention a generic characteristic: that the institutions report the average salary of all their faculty at a given rank irrespective of discipline, except for the exclusion of medicine. Thus, the faculty of a large comprehensive state university with its schools of agriculture, home economics, nursing, etc. are compared with the highly technical faculty of the New York State College of Ceramics for the purpose of establishing the AAUP centile ratings. There are differences in the salaries paid to faculty in different disciplines, and, without resorting to the extreme of the previous example, a university with a relatively large school of law and few faculty in music will almost surely report a higher average salary than a university with the opposite emphasis. The possibility of reporting and/or weighting according to discipline is attractive, but offers its own pitfalls and creates a demand for the next level of disaggregation--the individual according to age, degree attained, years in rank, etc.

But what we have to work with are institution-wide averages according to rank. What are the major hazards? Before I begin that listing, I would like to emphasize that my primary source of information, (my instruction manual, so to speak) is the AAUP summer Bulletin--all of those small print footnotes that compulsive researchers provide, but are rarely read. Another important source is salary data received from other AAU universities.

The most serious problem in making comparisons between institutions arises from institutional variations in the methodology of data collection. The most common procedure appears to be a payroll run reporting on all faculty receiving a portion of their salary from the Instructional and Research account of an academic department at a "full time equivalency" (FTE) based on some annual base rate. This seems reasonable until one observes in more detailed

data that the FTE may be as small as 2% of a faculty member. Then one wonders where the other 98% comes from and whether or not the base rate is for instructional duties. When I see the HEGIS report of a major university showing 40 full professors earning less than $6,000, I doubt that they are full time.

Another common procedure is to report budgeted positions whether or not there is an incumbent. Others may report a contract rate, which may or may not reflect actual earnings. In at least one instance the report was based on a voluntary poll of faculty members by the AAUP chapter. Although any or all of these methods may be valid, they will not give comparable figures.

If you are making a trend analysis, you must be alert to internal inconsistencies in the data of each institution in your comparison group that suggest a change in reporting practices or even a simple error. A large difference from one year to another in the number of faculty reported may result from a change from a system-wide report to a single campus report, or it may result from a change in the institution's definition of "instructional faculty". A large difference between the average salary increase given continuing faculty and the increase in compensation over the previous year also suggests a change in reporting practices.

A technical problem affecting inter-institutional comparisons is the conversion of 12 month salaries to a 9-month basis. The AAUP permits each institution to choose an appropriate conversion factor. Although most use the 9/11 suggested by AAUP, alternates reported are 9/12, 9/10.5, 10/12, 1/1.3, and 1/1.17. In decimal equivalents the range is from .750 to .857, a 14% difference. Looking at HEGIS reports of some universities reporting a fairly large number of people on 12 month contracts, I find the actual

ratio of 9 to 12-month salaries ranges from [illegible] to .916. If these are the same type of faculty with the same instructional duties the use of the standard conversion factor may be a misrepresentation of their salary.

The importance of the conversion factor depends on the proportion of faculty on 12 month contracts. Once again, one finds a wide variation of practice. Within AAU public institutions, it ranges from zero to 70%. Variations between ranks at the same institution are noted. Variations between disciplines are also found, ranging from 6% in the social sciences through 38% in public affairs and 54% in the biological sciences through to 95% in agriculture. A direct comparison of the amount of the average salary at two different institutions would assume that each has the same proportion and type of faculty on 12 month contracts and that the same conversion factor is used by both. The comparison will be only as valid as that assumption.

Although I have been using the word salary, most comparisons are based on total compensation - salary plus fringe benefits. I suspect that reports of fringe benefits are the weakest element in the system. The footnotes included from many institutions do state that the benefit costs are merely estimates. This is in part because accounting systems are unlikely to be able to supply the data on individuals according to rank, sex and length of appointment. There is a logical problem also in that the reports ask for the cost to the university rather than the benefits received by the faculty. USC was able to reduce the cost and increase the benefits of its disability plan by becoming self-insured. AAUP calculations would show a decrease in compensation although, in fact, the faculty is better off. Disability is a minor factor, but retirement and social security are major. Compensation comparisons between institutions with dissimilar vesting provisions

may not be valid. Because of the regressive nature of the social security tax, an institution with relatively low salaries will appear to be more generous with its fringe benefits than a higher paying institution although the faculties have identical coverage. The importance of fringe benefits in determining compensation (4% to 25% of salary) calls for a major rethinking of the manner of reporting if compensation is to reflect accurately the economic status of the faculty.

Despite this dreary listing of problems, I will repeat my original statement: the AAUP listing of institutional salaries is a very valuable tool--if it is used properly.

The first step is to recognize that statistical comparisons using AAUP data will not tell you how well or poorly paid are the faculty at any given institution. More importantly it will not tell how much a given faculty should be paid. Those issues require a subjective judgment of the relative merits of the faculty and its ability to accomplish institutional objectives. However, statistical comparisons do provide a scale against which one can assess changes in relative standing that result from institutional policies.

If an institution has a good salary policy that attracts and retains the quality of faculty it wants and if that policy is fair to those faculty who refrain from seeking offers and counter offers, it doesn't matter whether it is ranked in the top, middle or bottom quartile of its comparison group, because the analytical emphasis will be on changes over the years that reflect the goals of that institution. An institution seeking to upgrade itself by hiring established scholars can expect to see upward movement at the higher ranks. Another institution that overextended itself in the sixties may choose to accept a decline in its relative standing. A sudden influx of money into a discipline not supported by a given institution may result in a decline in its standing.

Thus, in selecting institutions to form a comparison group, one should select a number large enough to be representative of the trends within the academic world and small enough to be manageable. The analyst must then become intimately acquainted with those institutions. One needs to know how each peer institution defines instructional faculty, how it determines a base rate and what conversion factor is used for 12 month salaries. More importantly, one must be alert for changes in their reporting practices and for changes in their goals that will be reflected in the salary data and its interpretation.